

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SPC-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 AGR-20 DRC-01

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R 291723Z MAR 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7926

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY LUXEMBOURG

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USMISSION EC BRUSSELS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, FR

SUBJECT: FRENCH REACTION TO NEW EC CAP PRICE LEVELS

1. AT MARCH 27 COUNCIL OF MINISTERS MEETING, THE RECENT-
LY APPOINTED SECRETARY OF STATE FOR AGRICULTURE, DENIAU,
WHO REPRESENTED FRANCE AT THE BRUSSELS NEGOTIATIONS ON
1974 CAP PRICES, STRESSED TO THE COUNCIL THAT THE PRICE
LEVELS ADOPTED WERE HIGHER FOR FRENCH AGRICULTURAL
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EXPORTS THAN THOSE PROPOSED IN THE EC COMMISSION'S

PROPOSAL. HE ALSO STATED THAT THE WAIVERS GRANTED TO THE UK IN NO WAY "SACRIFICE THE PRINCIPLES OF THE TREATY OF ROME". HE ADDED THAT THE WAIVERS GRANTED TO THE UK WERE IN ANY CASE ONLY TEMPORARY, ONE YEAR OR LESS.

2. DESPITE DENIAU'S OPTIMISTIC COMMENTS BEFORE THE COUNCIL OF MINISTERS, REACTION AMONG AGRICULTURAL MILIEAUX WAS MORE CRITICAL. THE PRESIDENT OF THE FRENCH AGRICULTURAL SYNDICATE (FNSEA) COMMENTED AT A CONGRESS HELD THIS WEEK AT NANCY THAT SEVERAL SECTORS ARE DISSATISFIED BY THE NEW PRICE LEVELS FIXED AT BRUSSELS AND THAT A FURTHER REVISION OF PRICES WILL BE NEEDED DURING THE COURSE OF THIS YEAR DUE TO INFLATION AND INCREASED PRODUCTION COSTS. ANOTHER AGRICULTURAL LEADER, THE PRESIDENT OF THE YOUNG FARMERS, COMMENTED THAT IT IS REASSURING TO NOTE THAT THE COMPROMISE ACHIEVED WITH THE BRITISH IN NO WAY THREATENS THE ACCOMPLISHMENTS OF THE CAP. THE REAL THREAT RESULTS FROM THE TYPE OF WAIVER OBTAINED PREVIOUSLY BY GERMANY, I.E., A "PERMANENT INTERVENTION". HOWEVER, HE ADDED, IN VIEW OF THE RAPID INCREASE RECENTLY IN PRODUCTION COSTS, THE PRICE INCREASES ACHIEVED IN BRUSSELS CONSTITUTE A MINIMUM. HE ALSO SAID THAT IT WILL BE NECESSARY TO MAKE ADDITIONAL ADJUSTMENTS DURING 1974 FOR A NUMBER OF PRODUCTS NOTABLY BEEF, MILK, WINE, FRUITS AND VEGETABLES.

3. ON MARCH 29 AT FNSEA MEETING, IN HIS FIRST APPEARANCE BEFORE FARM GROUPS SINCE ASSUMING HIS NEW POST, DENIAU GAVE SOME GROUND IN THE FACE OF CRITICISM OVER THE LEVEL OF CAP PRICE INCREASES. HE SAID THAT ONE SOCIAL GROUP, I.E. FARMERS, SHOULD NOT HAVE TO BEAR THE FULL BRUNT OF INFLATION. SHOULD PRODUCTION COSTS CONTINUE TO RISE, A RE-EXAMINATION OF CAP PRICES MAY BE NECESSARY DURING THE COURSE OF 1974. HE ALSO ANNOUNCED THAT HE HAS REQUESTED EC TO REVIEW PORK PRICE LEVELS IN AUGUST.

COMMENT: IT APPEARS THAT GOF, IN PARTICULAR NEW AGMIN MARCELLIN AND HIS DEPUTY DENIAU, AS WELL AS FARM GROUPS ARE GENERALLY SATISFIED WITH RESULTS RECENT EC CAP DISCUSSION, PARTICULARLY SINCE FRENCH ENTERED TALKS WITH LIMITED OFFICIAL USE

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MISGIVINGS THAT UK LABOUR PARTY NEGOTIATORS MIGHT PROVOKE CRISIS WITH RESPECT TO THE EC'S CAP. ALTHOUGH NEW PRICES ARE LOWER THAN HOPED FOR, THE FRENCH APPEAR SATISFIED THAT THE FORMULA WORKED OUT FOR TEMPORARY WAIVER FOR UK MAINTAINED CAP PRINCIPLES INTACT. SPIRIT OF COMPROMISE SHOWN BY BRITISH WAS ALSO SOURCE OF SATISFACTION.
STONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, AGRICULTURAL PROGRAMS, INTERGOVERNMENTAL COOPERATION, PRICES, SOYBEANS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS07808
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740070-0181
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974034/aaaaadde.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2002 by collinp0>; APPROVED <05 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH REACTION TO NEW EC CAP PRICE LEVELS
TAGS: EAGR, ETRD, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005